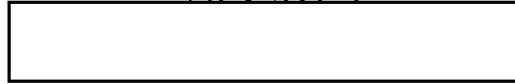


SECRET



BIWEEKLY REPORT

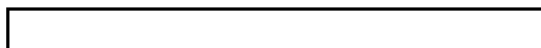
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/76

5 January 1959

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



SECRET

WARNING

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

Printed and Disseminated by the
Central Intelligence Agency

~~SECRET~~

Summary of Events
19 December 1958 - 1 January 1959

The Sino-Soviet Bloc aid program in underdeveloped countries of the Free World expanded considerably in 1958 in comparison with 1957, with the value of credits and grants being more than 3 times greater in 1958 than in 1957. Major Bloc aid was extended to countries such as Iraq and Indonesia which previously had received little or no Bloc aid, and efforts were made to expand the Bloc economic position in Africa and Latin America. Features of the year were the Soviet credit to Egypt for the Aswan Dam and substantial progress on the Bhilai steel mill in India, the major Soviet showpiece in Asia.

Setbacks to the Bloc's efforts to expand economic relations with the underdeveloped countries were encountered in Yugoslavia, where the Bloc suspended credits last May, and at the Afro-Asian Conference in Cairo, where Soviet and Chinese Communist suggestions were coolly received.

The USSR will extend to Egypt a credit of \$100 million toward construction of the much-publicized High Dam at Aswan. Work will begin on the dam in October 1959, and efforts will be made to complete the work within 3 years. Soviet organizations will supervise technical aspects of the work, and Soviet equipment will be used exclusively.

Under the continuing campaign of harassment by the Bloc, Yugoslavia has been able to use less than 30 percent of a total of \$464 million in Bloc credits granted since January 1956. The Yugoslavs have estimated that trade with Eastern Europe in 1958 will be 15 to 20 percent less than planned.

A Burmese decision to seek grant aid for nonessential projects and to cut back expenditures for technical assistance will directly affect several major Soviet projects in Burma. Burma will permit the USSR to continue the work of the Soviet agricultural team, the work on construction projects, and the implementation of two irrigation projects only if all these activities are carried on free of charge to Burma.

- i -

~~SECRET~~

~~SECRET~~

Czechoslovakia has agreed to furnish and install an automatic telephone exchange at Kandahar in southern Afghanistan. Through a willingness to accept payment in goods rather than hard currency, Czechoslovakia was able to penetrate the Afghan communications equipment market previously dominated by West German suppliers. Yemen received its first shipment of goods from Communist China on 28 December. At the same time, Chinese technicians, who had arrived in Yemen earlier, began construction of a road.

Under the terms of a new Soviet-Indian aid agreement -- a part of the Soviet contribution to the UNESCO technical aid program -- the USSR will provide India with technical equipment and the services of Soviet specialists. Moreover, under the terms of the agreement 50 Indian engineers will receive training in the USSR.

~~SECRET~~

~~SECRET~~

CONTENTS

| | <u>Page</u> |
|--|-------------|
| I. General (Major Developments in the Sino-Soviet Bloc Aid Program in 1958) | 1 |
| A. South Asia | 2 |
| B. Southeast Asia | 2 |
| C. Middle East | 3 |
| D. Africa | 4 |
| E. Latin America | 4 |
| II. South Asia | 5 |
| A. Czechoslovak Automatic Telephone Exchange for Afghanistan | 5 |
| B. Additional Soviet Technological Assistance for India Under the UNESCO Program | 6 |
| III. Southeast Asia (Burmese Request to Place Soviet Aid on a Grant Basis) | 6 |
| IV. Middle East and Africa | 7 |
| A. UAR Acceptance of Soviet Offer on Aswan High Dam | 7 |
| B. Chinese Communist Activities in Yemen | 8 |
| V. Europe (Continued Bloc Economic Harassment of Yugoslavia) | 9 |

~~SECRET~~

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010076-7

Next 10 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010076-7